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Assembly Housing Committee Passes Bill to Aid Subprime Borrowers

Sacramento, CA--A bill that would infuse a strong dose of medicine into California's ailing housing industry received bipartisan support and passed out of the Assembly Committee on Housing and Community Development on Wednesday 6-0.

SB 870, authored by Senator Mark Ridley-Thomas, was amended on the Assembly Floor on Tuesday. It would streamline the process required to allow for the refinancing of home loans caught in the mortgage subprime crisis. California stands to receive an infusion of \$1.175 billion to implement The Housing and Economic Recovery Act of 2008 that was recently enacted by Congress and the President.

"Congress has finally thrown us a lifeline, but its availability is limited," Sen. Ridley-Thomas said. "Enactment of SB 870 will provide CalHFA with the flexibility it needs to develop and implement a program to help keep homeowners in their homes without unnecessary delay."

SB 870 would authorize the California Housing Finance Agency (CalHFA) to create a program to refinance the loans of distressed borrowers with subprime loans by action of its Board of Directors, following a noticed public hearing and open meeting, instead of through the adoption of regulations.

Among the many provisions of The Housing and Economic Recovery Act, HR3221 is the appropriation of \$11 billion in new tax-exempt housing bond authority for single family and multifamily housing activities.

The authority is only available through 2010. The implementation of any refinancing program would be significantly delayed by the requirement to adopt regulations, which could take from four to six months, said Ridley-Thomas.

"The real issue here is timing," said Senator Ridley-Thomas, "and we don't have much of it."

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